

Escrow Services – alternative to standby letters of credit

An attractive financial risk mitigation alternative to a standby letter of credit

An escrow facility can provide an economical, attractive alternative to a standby letter of credit, or other financial risk products for transactions requiring mitigation of financial performance risk. The mechanics of using an escrow facility in this manner are simple. The assets that might have collateralized the standby letter of credit are placed in a JPMorgan

Escrow account and held for the party that would have been the beneficiary of a standby letter of credit. The advantages of using an escrow facility include:

- Reduced fees
- No credit line usage
- The ability to keep beneficial title with the escrow depositor
- The inclusion of safekeeping charges in escrow fees
- Greater flexibility
- No need to renew

Key features and benefits

- Reduced fees which do not vary with credit standing
- No credit line usage
- No need for annual renewals
- Flexible, responsive service helps you design the escrow facility you need
- Rapid turnaround on escrow agreements – in many cases within 24 hours

The JPMorgan advantage

JPMorgan is the leading provider of escrow services globally.

Our flexible, responsive service, delivered by our staff of dedicated escrow professionals, allows you to design the escrow agreement you need, no matter when your deal is closing or where it is located.

We provide a rapid turnaround on escrow agreements—in many cases within 24 hours—so your deal can close without

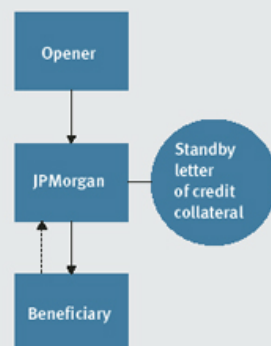
delay. We can hold and disburse funds or securities of any freely-traded currency, and our investment solutions deliver competitive yield without compromising safety or liquidity.

For more information, please contact our Global Sales Manager, Pharra Gosserand at 212.623.1022, or visit our Web Site at jpmorgan.com/info/escrow

Escrows versus standby letter of credit

Standby letter of credit

1. Opener asks bank to open standby letter of credit in favor of beneficiary; standby letter of credit collateral is pledged to bank.
2. Bank opens standby letter of credit for the benefit of the beneficiary.
3. To draw on the standby letter of credit, beneficiary presents notice (sight draft) as required by standby letter of credit. When the bank pays, it offsets against collateral.



Escrow

1. Depositor takes the assets that would have collateralized the standby letter of credit and escrows them for the benefit of the beneficiary.
2. Bank holds the assets for the benefit of the beneficiary.
3. To draw on the escrow, beneficiary presents notice as required by the escrow. Bank pays the beneficiary by drawing on the escrow collateral.

